

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER	<input type="checkbox"/>	DATE	<u>September 11, 2013</u>
MOTOR CARRIER MATTER	<input type="checkbox"/>	DOCKET NO.	<u>2013-59-E</u>
UTILITIES MATTER	<input checked="" type="checkbox"/>	ORDER NO.	_____

SUBJECT:

DOCKET NO. 2013-59-E - Application of Duke Energy Carolinas, LLC for Authority to Adjust and Increase Its Electric Rates and Charges – Discuss this Matter with the Commission.

COMMISSION ACTION:

Duke Energy Carolinas, LLC originally sought a rate increase of approximately \$220 million or 15.13% and a rate of return on equity of 11.25% in this case. However, the Company ultimately entered into an all-party Settlement Agreement, which would substantially reduce these amounts if adopted by this Commission, and I believe, after examining the evidence, that it should be so adopted. The parties also agreed to help mitigate the impact of the rate increase while still allowing the Company to have the appropriate revenue recovery as a part of the Settlement Agreement. This was accomplished by creating a two-year incremental increase in rates. I therefore move that, as per the Settlement Agreement, we approve a two-year incremental rate increase for the Company, which would increase revenues in the first year by \$80,391,000 or 5.53%, and in the second year and beyond by an additional \$38,230,992 or 2.63%, for a total of \$118,621,992 or 8.16%. For the two-year incremental rate increase, rates would become effective no earlier than September 18, 2013, for the first year and September 18, 2014, for the second year. I further move that we approve a rate of return on equity of 10.20%. This plan equates to a reduction of approximately \$101.4 million or 46% from the original Application.

In addition, move that we approve the Settlement Agreement as a whole, that we find it just and reasonable, and that we approve the additional proposals and recommendations put forth in Settlement Agreement Attachments A and C as further described below, due to their advancement of the public interest.

Specifically, I move that we approve the Company's proposal to remove \$45 million from the current Cost of Removal Reserve, and to use the \$45 million to offset \$38,230,992 of the first year of the \$118,621,992 rate increase and to provide a return of \$6,769,000 on the Company's excess coal inventory for one (1) year as contained in the Settlement Agreement.

Further move that Duke make, at shareholder expense, a one-time contribution in the amount of \$3.5 million, \$1 million to be administered by the Office of Regulatory Staff, which will be allocated to support the important work of senior outreach and public education initiatives, and \$2.5 million to fund Share the Warmth and other salient public assistance programs, manufacturing competitiveness grants, economic development, and/or education/workforce training programs, as proposed and agreed to by Duke.

Also, move that, as provided in Settlement Agreement Attachment B, the Company may use levelization accounting for nuclear refueling costs effective October 1, 2013. In addition, I move that the revenue increase approved in this case be allocated among the rates and customer classes as shown in Attachment C to the Settlement Agreement.

Finally, I would note that Duke has agreed not to seek an increase in retail base rates and charges to be effective prior to September 18, 2015, except for those approved as a part of other statutory programs or where extraordinary conditions occur. I move that we approve this commitment as a part of our Order in this case.

PRESIDING:
Hamilton

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
FLEMING	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
VACANT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>

(SEAL)

RECORDED BY: J. Schmieding

